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Security

FACTS ON CAR INSURANCE IN JAPAN

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This pamphlet answers some of the most frequently asked questions about car insurance in Japan, shows 5 AFI 31-201, *Motor Vehicle Operations in Japan (PA)*, insurance requirements, and recommends additional coverage.

SUMMARY OF REVISIONS

Updates dollar and yen (¥) equivalents for required liability throughout the pamphlet. A bar (|) indicates revision from the previous edition.

1. Introduction--A Word of Warning. Since many of you may not be familiar with the specific limits of Japanese Compulsory Insurance (JCI), you should be warned JCI won't protect you in the case of **property damage** caused by you. This is why 5 AFI 31-201 makes it mandatory for you to buy and keep at least \$30,000 or ¥3,000,000 of property damage liability coverage on your vehicle. Under the current state of the economy, \$30,000 or ¥3,000,000 may be less than the value of a single automobile. Therefore, it may be a good idea to buy extra insurance over and above the \$30,000 or ¥3,000,000 coverage required by 5 AFI 31-201.

2. Why Do I Have To Buy JCI? JCI is required by Article 5 of the Automobile Liability Security Law of Japan. Under this law, no automobile may be driven until its owner shows proof of the compulsory insurance. This law is very similar to many of the compulsory insurance laws in the United States (US). Since US Forces, Japan (USFJ) must abide by Japanese laws for motor vehicles, the requirements are included in USFJ Policy Letter 125-2, *Control of Traffic and Vehicle Operations*, which is applicable to service components. Each component command publishes its own directive (for the Air Force, 5 AFI 31-201) to require this insurance.

3. Who Pays for Personal Injury or Death Damage Over and Above JCI Coverage? It is mandatory, in accordance with (IAW) 5 AFI 31-201, to purchase personal injury coverage of \$300,000 or

¥30,000,000 in addition to what JCI will cover. If you cause injury or death damage exceeding your JCI policy coverage and your private insurance coverage, you are responsible (see [Figure 1.](#)). JCI protects you only in case you injure or cause death to other people by the use of your vehicle. It doesn't cover liability for any property you might damage by the use of your vehicle.

3.1. At the time of this writing, JCI will pay up to ¥30,000,000 for each death you cause in an accident. If in one accident you kill several people, JCI will pay up to ¥30,000,000 on each death. As to medical costs for each person you injure in an accident, JCI will pay up to ¥1,200,000 for each person you injure in one accident. If you injure several people in one accident, JCI will pay up to ¥1,200,000 of medical expenses for each person you injure. If in an accident you cause physical handicap to several people, JCI will pay up to ¥30,000,000 for each physical handicap you cause. That is the extent of JCI coverage and you will note, once again, JCI provides you no liability coverage for any property you might damage or destroy. If in an accident caused by you there is damage to someone's vehicle, fence, house, storefront, or other property, you need property damage liability coverage to protect you (see [Figure 1.](#)).

3.2. As to the question of who pays for personal injury damages in excess of JCI coverage, consider the following examples: A commercial insurance company in Japan was required to pay for its policy holder ¥70,000,000 in the case of an injury to a 3-year-old boy by a car. More recently, a judgment in the amount of ¥120,000,000 was made in the case of a man killed in a car accident. JCI would not have come close to covering those judgments. Commercial insurance companies in Japan recommend we buy, in addition to JCI, ¥50,000,000 coverage for each person injured or killed in an accident. As a matter of fact, many local nationals now buy ¥100,000,000 personal injury and death liability insurance in addition to and above their JCI coverage.

Figure 1. Type of Damage and Responsibility.

TYPE OF DAMAGE	RESPONSIBILITY
Personal injury caused by you or a family member	JCI pays up to the limits applicable.
Personal injury liability claims in excess of maximum coverage under JCI to a local national	Commercial insurance pays up to the limit carried. Thereafter YOU PAY!
Personal injury liability claims in excess of maximum coverage under JCI to another military member or Department of Defense (DoD) civilian employee or a family member of either	Commercial insurance pays up to the limit carried. Thereafter YOU PAY!
Damages caused by your vehicle to a local national's property	Commercial insurance pays up to the limit carried. Thereafter YOU PAY!
Damages caused by your vehicle to the property of another military member or DoD civilian employee or a family member of either	Commercial insurance pays up to the limit carried. Thereafter YOU PAY!

TYPE OF DAMAGE	RESPONSIBILITY
Damage to your vehicle caused by another person who won't pay or says he or she can't pay	YOU PAY or your collision coverage pays if you carry such coverage.

4. Is My Family Covered If I Have Only JCI Protection? No, JCI provides personal injury type coverage with limits as set out above and is written "on the car." Your family will be covered under your JCI coverage you have on your vehicle to the limits set out in paragraph 3.1. for personal injury type damages. There is, of course, no property damage liability coverage under JCI.

4.1. There have been instances in Japan of DoD personnel assuming their family members were automatically covered as operators by their commercial insurance policy, then finding out the policy only covers drivers of a specific age. There are four types of policies available for purchase in Japan: One has no coverage for people under 21 years of age, a second has no coverage for people under age 26, a third has no age limitation, and the fourth covers drivers by name only and no one else. You should be very careful when purchasing property or personal injury damage insurance. Specifically determine who is covered in the event of loss before anyone operates the motor vehicle.

5. Does JCI Cover Property Damages My Family or I May Cause? No. For emphasis we have stated many times in this pamphlet JCI does not cover any property damages you or your family may cause in an accident (see Figure 1.). You have to get protection from a commercial insurance company for such damages. This is why 5 AFI 31-201 requires you buy \$30,000 property damage liability coverage before you can register and keep a two or four-wheeled motor vehicle on an Air Force base in Japan.

6. If My Car Is Damaged by a Hit-and-Run Driver or Someone Who Won't Pay or Who Says He or She Can't Pay, Then Who Pays? In these circumstances, there are three different courses of action you may take:

- 6.1. You can pay for the damages yourself out of your pocket.
- 6.2. You can hire a Japanese lawyer and take your case to Japanese court.
- 6.3. You can make a claim against your collision insurance coverage on your car if you carry such insurance. Don't confuse collision coverage, which is usually carried by people owning new and expensive cars, with property damage liability coverage. Property damage liability coverage will pay for somebody else's property you destroy or damage. For you to be paid for your car, you must have collision coverage for your insurance to cover your car damage.

7. Should I Buy and Carry Collision and Comprehensive Coverage on My Car? Collision insurance is what covers repairs to your car in case of an accident. If the other person is at fault, his or her property damage coverage should take care of repairing your car. If you are at fault, you need collision coverage to repair your car. Comprehensive coverage is for things such as fire, theft, or breakage of a windshield. To keep premiums down, both coverage are usually bought with a deductible; that is, you pay the first \$50-\$500 of such damage. For advice on additional coverage, consult a legal representative or insurance professional.

8. Suppose I'm Driving While Intoxicated (DWI) or Guilty of Reckless Driving and With My Car Cause Property Damage to Another Car and I Have No Property Damage Insurance or money. What Will Happen to Me? You may be criminally prosecuted in Japanese court for DWI or reckless driving. If the accident occurs on base, or if the Japanese waive jurisdiction to the US, you could face non-judicial punishment under Article 15, Uniform Code of Military Justice (UCMJ), or even court-martial. You will also likely lose your on-base driving privileges. Further, your misconduct, whether prosecuted by the Japanese or the US Air Force, could constitute grounds for administrative discharge. In any event, you will be responsible for paying for the property damage you cause.

8.1. Japan, like many other Asian countries, has customs, which determine what will be expected from you if you cause, or are even involved in, an accident, which results in injuries or damage. Japanese people usually make a swift payment of several hundred dollars to express their regret under such circumstances. Failure to do so may be taken as an insult and affect subsequent negotiation over civil liability. The proper behavior is even more important because people involved in car accidents causing personal injuries can be charged with **Professional Negligence** under the Japanese Criminal Code and fined up to ¥500,000 or jailed for up to 5 years forced labor. Therefore, it is in your best interest to contact your insurance agent immediately following any accident, so that he or she may advise you on these matters. The base legal office can also provide assistance in this area.

9. Closing Remark. This pamphlet tells why we are required to carry JCI and at least \$30,000 or ¥3,000,000 property damage and \$300,000 or ¥30,000,000 personal injury liability coverage on our vehicles. It clearly points out neither are good enough. The pamphlet states why it is in our best interest to carry more than the minimum required insurance stated in this pamphlet and 5 AFI 31-201. Remember to seek legal advice if you need help in deciding what commercial insurance coverage to purchase.

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